THE MINISTER OF CORPORATE AFFAIRS (SHRI PREM CHAND GUPTA): (a) The events relating to Satyam Computer Services Ltd. relate to a particular Company and do not represent a breakdown of regulatory oversight. The role of the internal and statutory auditors of the Company and exercise of due diligence by them to ensure true and fair financial reporting, including in statutory returns and filings made by the company, is also under investigation along with other aspects.

(b) The Ministry has ordered investigation into the affairs of the company under Section 235 of the Companies Act, 1956 by Inspectors drawn from amongst the officials of the Serious Fraud Investigation Office (SFIO). In addition, the Institute of Chartered Accountants of India has been asked to ascertain the actual role and discharge of functions by the statutory auditors with regard to the accounting and auditing standards and the provisions of the Companies Act, 1956 for action under the provisions of the Chartered Accountants Act, 1949 as warranted on the basis of findings. In addition, as of date, information has been received of investigations having been taken up by the Securities and Exchange Board of India (SEBI) under the SEBI Act, 1992, by the Income Tax authorities under the provisions of the Income Tax Act, 1961, by the CID under the Andhra Pradesh Police with regard to criminal aspects relating to some complaints lodged against some of the persons involved with the affairs of Satyam.

The respective investigations are under progress. The punishment/ penalty that may be imposed would depend upon the offences that are *prima facie* established for launching prosecution against the persons concerned under various provisions of the law.

Interaction between government and corporate entities

150. SHRIMATI SUPRIYA SULE:
SHRI GIREESH KUMAR SANGHI:
DR. T. SUBBARAMI REDDY:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether in a bid to tide over the problem of Government and industry working at cross purposes in rolling out development programmes across various parts in the country, a Government panel has called for mutual consultation between corporate entities planning to take up projects in an area and the local Government concerned;

(b) whether it has been pointed out that Government should make Foreign Contribution Act more stringent;

(c) whether the Reforms Panel has recommended for more interaction between Government and Corporates; and

(d) what are the other recommendations made by the Administrative Reforms Commission (ARC) and steps taken to implement them?

THE MINISTER OF CORPORATE AFFAIRS (SHRI PREM CHAND GUPTA): (a) The Second Administrative Reforms Commission in its Ninth Report titled "Social Capital - A Shared Destiny" has recommended that when a community benefit project is taken up by a corporate entity, there should be some mutual consultation between the company and the local Government so that there is no unnecessary overlap with other similar development programmes in the area.

(b) The Second Administrative Reforms Commission in its Ninth Report titled "Social Capital A Shared Destiny" has recommended that the Foreign Contribution (Regulation) Bill, 2006 needs to be amended to include *inter-alia* the following suggestions:-

(i) There should be a fine balance between the purpose of the legislation on one side and smooth functioning of the voluntary sector on the other. The objectives of such a regulatory legislation should be properly enunciated to avoid subjective interpretation of law and its possible misuse.

(ii) There should be a time limit for procedures falling under Section 11 (seeking registration or prior permission for receiving foreign contribution).

(iii) Transparent rules/guidelines should be prescribed for inter-agency consultation particularly in respect of (a) the minimum amount of donation which would require inter-agency consultation, (b) the level of the Authority which would authorise it, and (c) setting up time limits for such procedures.

(iv) To facilitate (a) speedy disposal of registration/prior permission petitions received from organisations, (b) effective monitoring of their activities, and (c) proper scrutiny of returns filed by them, some of the functions under the Foreign Contribution (Regulation) Act should be decentralised and delegated to State Governments/ District Administration.

Organisation receiving an annual foreign contribution equivalent to less than Rs. 10.00 lakh in a year (the figure to be reviewed from time to time) should be exempted from registration and other reporting requirements of the law. They should be asked, instead, to file an annual return of the foreign contribution received by them and its utilisation at the end of the year. The law may provide that they may be liable to be investigated, if there is a reasonable suspicion of suppression/ misrepresentation of facts, and penal provisions of the law will be used against them in case violation is established.

(c) Government should act as a facilitator and create an environment which encourages business and industry to take up projects and activities which are likely to have an impact on the quality of life of the local community.

(d) The 2nd Administrative Reforms Commission in its Ninth Report titled "Social Capital – A Shared Destiny" spells out the changes required in the legal framework, as well as in the administrative structures and Government policies to bring about independence, integrity, transparency, credibility and dynamism that make the base of social capital. The Report/ recommendations are presently under consideration of the Government.

Issues of vanishing companies

†151. SHRI JAI PARKASH AGGARWAL: Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether a Central Coordination and Monitoring Committee has been constituted to investigate the issues relating to vanishing companies and their promoters and to monitor the progress of action taken against them;

(b) if so, the number of such companies and their promoters against whom the action has been taken so far; and

†Original notice of the question was received in Hindi